



MERCURY NZ LIMITED

MODERN SLAVERY STATEMENT 2024



INTRODUCTION.

One target of the UN Sustainable Development Goals is for the international community to end modern slavery by 2030. The global adoption of these goals continues to increase focus on eliminating modern slavery, with specific regulations introduced in several countries, including Australia.

Mercury is listed on both the NZX and ASX and complies with the requirements of the Australian Modern Slavery Act 2018. An equivalent obligation does not yet exist in New Zealand. Mercury supports and encourages progress towards legislation on modern slavery and worker exploitation in New Zealand.

REPORTING ENTITY.

Mercury NZ Limited (NZBN: 9429037705305/ ARBN: 162 804 668) (Mercury) is listed on the New Zealand Stock Exchange (NZX:MCY) and the Australian Stock Exchange (ASX:MCY) as an ASX Foreign Exempt Listing. The New Zealand Government holds a legislated minimum 51% shareholding in Mercury.

This statement has been prepared for the Mercury Group (Group), which comprises Mercury, its subsidiaries and the New Zealand-based (unincorporated) joint arrangements in which Mercury has majority ownership.

This statement has been prepared using the [Guidance for Reporting Entities](#) and outlines what we

have done in FY24 (the 12 months to 30 June 2024) to assess and address the risk of modern slavery in our operations and supply chains.

IN FY24, WE:

- ✔ Completed the initial assessment of material suppliers transferred to Mercury as part of the acquisition of Trustpower's retail business
- ✔ Trialled a modern slavery data platform
- ✔ Reclassified the country of spend for key suppliers

ORGANISATIONAL STRUCTURE, OPERATIONS AND SUPPLY CHAINS.

ORGANISATIONAL STRUCTURE AND OPERATIONS

We generate electricity from 100% renewable sources: hydro, geothermal and wind. We are also a retailer of electricity, gas, broadband and mobile services.

Our electricity generation sites are located along the Waikato River (hydro), the nearby steamfield of the northern part of the Central Plateau (geothermal) and in the Manawatū, South Taranaki, Otago and Southland regions (wind). We currently have renewable energy projects under construction, being the second stage of our Kaiwera Downs wind farm near Gore and a fifth generating unit at our Ngā Tamariki geothermal station, with more in the pipeline.

We have offices in Auckland, Hamilton, Rotorua, Taupō, Palmerston North, Tauranga, Wellington, and Oamaru.

We sell electricity, gas, broadband and mobile services through our retail operations to residential and small to medium-sized business customers. Our sub-brand GLOBUG is our pre-pay electricity product. Our Commercial sales team service industrial and wholesale market customers offering electricity.

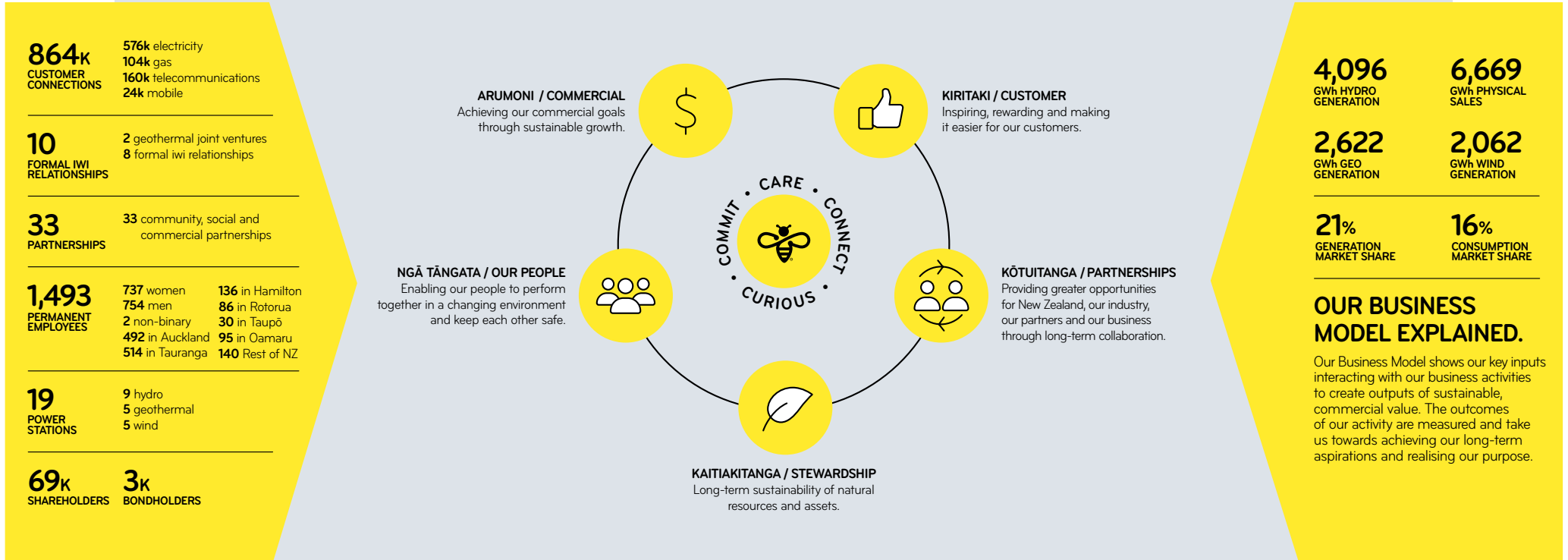
Our purpose 'Taking care of tomorrow: Connecting people and place today' captures our why. It recognises the role we play in using our unique assets and capabilities to enable everyday living and connectivity in our communities, and to bring together the people we work with to care for the natural environment and resources that we use. Our interconnected long-term aspirations expand on our purpose and provide a long-term direction for our business that reflects the change and growth that we aspire to achieve.

OUR BUSINESS MODEL.

INPUTS

OUR BUSINESS ACTIVITIES

OUTPUTS

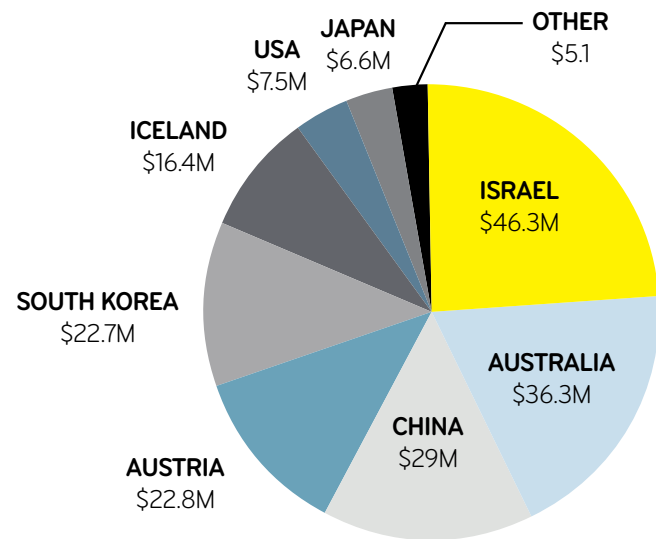


MERCURY SUPPLY CHAIN SPEND IS \$2.2B

Our spend on goods and services in FY24 was NZD \$2.2 billion, with 91% of this paid to New Zealand-based* suppliers.

MERCURY SPEND OUTSIDE OF NZ IS \$193M

Our international spend is comparatively low, and mostly in countries with low instances of modern slavery. We understand and acknowledge that we may have indirect suppliers in countries with an elevated risk of modern [slavery](#).



*Country of spend is identified by the country of the invoicing entity. Suppliers with a spend over \$1m were cross checked for foreign currency transactions and the country of invoicing entity readjusted accordingly.

Some suppliers have been adjusted based on their primary base of operations or headquarters.

SUPPLY CHAIN

Our supply chain is diverse and includes the following goods and services categories:

- Energy purchases and lines charges;
- Generation operations: engineering and specialist services, plant and machinery, mechanical and electrical maintenance, generation critical facilities, well and reservoir services, chemicals and fuels;
- Retail services: metering services, sales and marketing;
- Environmental: monitoring and testing, resource consents, etc;
- Support services: IT, control and instrumentation, travel and recruitment, mail logistics and freight, training providers, professional services and consultancy; and
- Facilities: office maintenance and supplies, PPE, fleet and fleet management.

MERCURY AND MODERN SLAVERY RISKS.

Our operations are all New Zealand-based. New Zealand is a signatory to international human rights standards, including the UN Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work.

As per the [Global Slavery Index \(GSI\)](#), the electricity generation and retail industry in NZ is not considered high risk for modern slavery. Our assessment is that there is a low risk that we cause or contribute to modern slavery in New Zealand.

Our spend with suppliers outside New Zealand accounts for 9% of our spend and is in countries with lower estimated prevalence of modern [slavery](#) as indicated on page 5.

We recognise our responsibilities as a corporate citizen of New Zealand and are working to identify and address any risks of modern slavery in our operations and supply chains. Building robust frameworks, policies and processes is fundamental to the areas we have identified as most important to our ability to create value: Customer, Partnerships, Kaitiakitanga, People and Commercial. These underpin the long-term sustainability of our business and assets, and relationships with our stakeholders.

OPERATIONS

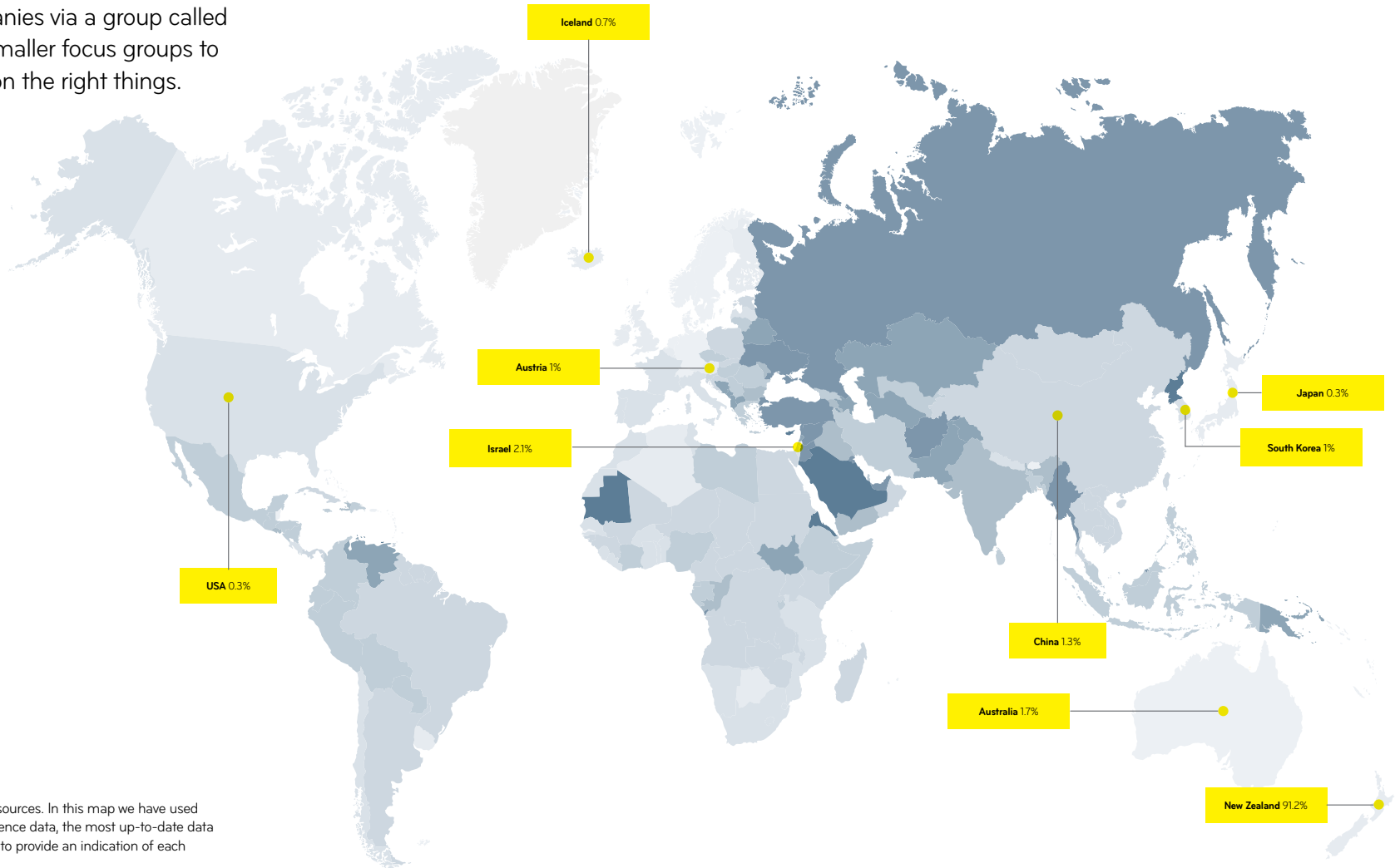
Companies can inadvertently elevate the risk of human exploitation by placing unreasonable demands on suppliers, so we consider this when engaging with suppliers. We have a [Mercury Code](#), which is our equivalent to a code of conduct and ethics and it requires all Mercury people, including directors and employees, to act honestly, with integrity and fairness, to strive to foster these standards within Mercury.

SUPPLY CHAIN

We assess supply chain risk by product or service category, and geography or location.

We have met with other companies via a group called Collaborative Advantage and smaller focus groups to share best practice and focus on the right things.

FY24 SUPPLY CHAIN SPEND IN MILLIONS (\$NZD)	
COUNTRY	SPEND IN MILLIONS (\$NZD)
New Zealand	1995.0
Israel	46.3
Australia	36.3
China	29.0
Austria	22.8
South Korea	22.7
Iceland	16.4
USA	7.5
Japan	6.6
Other	5.1



In assessing our risks, we have used a range of data sources. In this map we have used the Global Slavery Index 2023 modern slavery prevalence data, the most up-to-date data source available at time of risk assessment activities, to provide an indication of each country's modern slavery risk.



MERCURY AND MODERN SLAVERY RISKS. (CONT.)

RISKS OF MODERN SLAVERY

We consider that the risk of modern slavery in our supply chain exists in instances where we are directly linked to suppliers of goods that have been identified as high risk, such as safety apparel for our operational staff, electronic goods such as laptops and mobile phones in our offices, and cobalt and lithium used in batteries for our fleet of electric vehicles.

Our safety apparel supplier reports on modern slavery under the Australian Modern Slavery Act. While we do not have a high level of influence with electronics and EV suppliers, our spend on these products is not material, and these are not strategic suppliers. Electronic goods and vehicle manufacturers are large multinational global suppliers and our suppliers have mineral source policies, so we assess our risk with these suppliers as low.

MANAGEMENT OF MODERN SLAVERY RISKS.

Risk management is an integral part of Mercury's business. We have an overarching Risk Management Policy supported by a suite of risk management procedures and practices appropriate for our business, including a Risk Appetite Statement and the Mercury Code.

The purpose of the Risk Management Policy is to embed within Mercury a group-wide capability in risk management which provides a consistent method of identifying, assessing, controlling, monitoring and reporting existing and potential risks faced by Mercury's business.

The Policy sets out the risk management objectives and requirements of Mercury within which management is expected to operate. The Policy applies to all business activities of the Group including Mercury-controlled joint ventures and is reviewed annually by the Board Risk Assurance and Audit Committee and approved by the full Board.

The risk management framework encompasses financial, strategic, environmental, operational, regulatory, reputational, social and governance risks. The risks associated with modern slavery are assessed and managed in accordance with our risk management framework.

We endeavour to work with suppliers who share our commitment to acting ethically and doing the right thing. Our Supplier Code of Conduct describes the way we work with our suppliers and what we expect in return, including our expectations in respect of modern slavery requirements. It is available on the Corporate Governance section of our [website](#).

Mercury's reputation with investors, stakeholders and the broader community is one of its most important assets. Modern slavery is recognised as a risk to

that reputation and could lead to negative publicity resulting in reduced ability to engage or partner with key stakeholders and the loss of business revenues or reduction in Mercury's value.

All Mercury employees must complete Mercury Code training when they start with Mercury and complete an annual re-certification training. The Mercury Code is supported by Mercury's wider policy framework and guidelines. As well as the Mercury Code, Mercury's comprehensive internal employment policies include anti-bullying, harassment and discrimination, disputes resolution, leave policies, diversity, equity and inclusion, health, safety and wellbeing, drug and alcohol and flexibility guidelines. Mercury also has a whistle-blowing policy outlining the steps an employee can take, and the protections and support offered to that employee if wrongdoing is identified.

Our procedures in relation to responsible procurement and contractor engagement provide internal governance to help align the contracting of goods and/or services from external parties with the Mercury Code and New Zealand Laws.

FY24 ACTIONS

In FY24, we completed the initial assessment of material suppliers transferred to Mercury as part of the acquisition of Trustpower's retail business and identified 22 for deeper assessment during FY25. We are yet to complete the review of NOW Broadband's supply chain, this is now planned for FY25.

As part of our analysis of the FY24 data, we reclassified the 'country of spend' for key suppliers on a case-by-case basis, moving from country of invoice to country of headquarters or country of primary operations where we deemed appropriate to improve our dataset.

During FY24, we also trialled a platform to enhance our Modern Slavery data. While we ultimately decided not to continue use of the platform, this was a step towards helping us better understand the tools available to further identify risks in our supply chain.

LOOKING AHEAD TO 2025

We will refresh our 5-year programme of work to help us track our next Modern Slavery objectives.

We will complete the assessment of material suppliers transferred to Mercury as part of the acquisition of Trustpower's retail business.

Mercury is migrating our legacy finance system to Workday during FY25. This is expected to result in a refresh of our spend categories and further improve our data integrity.

REVIEWING THE EFFECTIVENESS OF OUR ACTIONS.

Our work on modern slavery is led by representatives from our Procurement and Sustainability teams who report to the Chief Financial Officer and Chief Sustainability Officer and our modern slavery statement is endorsed by our Board of Directors.

Mercury is involved in the Collaborative Advantage Business Network which is jointly run by Deloitte. This network helps us gauge how other businesses are addressing modern slavery and share best practice.

It is evident that countries with modern slavery legislation have a greater ability to take steps to identify and deal with modern slavery. There is currently no modern slavery legislation in New Zealand. We are supportive of the New Zealand Government making progress towards modern slavery legislation, although we note that the Ministry of Business, Innovation & Employment indicated in 2024 that this work is on hold. In the meantime, we believe the first step is to grow awareness of modern slavery in New Zealand.

Of the suppliers we worked with in FY24, we found that generally larger New Zealand suppliers are actively taking steps to address modern slavery in their policies, processes and procedures, as well as investigating their operations and supply chain for modern slavery risks. Small and medium sized suppliers are mostly unaware of modern slavery risks.

We consider that the area where we will have the greatest level of effectiveness will be with suppliers that see us as a strategic customer. We recognise that we will have little ability to influence large multinational suppliers. An example is electric vehicle and electronic goods suppliers who we are unlikely to be able to influence. However, we hope that growing awareness of modern slavery and participation in

larger groups such as the Collaborative Advantage business network will enable us to leverage our influence with these suppliers.

MODERN SLAVERY CONSULTATION.

While Mercury has many subsidiaries, the Group's employees, policies and procurement practices are managed centrally and so the implementation of processes to assess and mitigate modern slavery risks across these entities is consistent.

Mercury has a high level of consultation and engagement with its joint venture arrangements and is contracted as the operator to perform operations and maintenance services in these entities. These entities are included in Mercury's risk settings. There is a high level of alignment across the Group in procurement practices and the full Group has been considered in our identification and assessment of modern slavery risk. Our FY25 initiatives will apply across the full Group supply chain.



This statement has been approved by the Board of Directors on 2 December 2024, and signed by:



SCOTT ST JOHN
CHAIR, MERCURY NZ LIMITED

